CIVIL MILITARY INTEGRATION AND DoD PACKAGING

Briefing to the SPI Executive Council
DUSD(AR)/DUSD(L)
25 June 1999

posed Pilot Implementation Pro

- **OSD directs pilot implementation**
  - 3 year period
  - Facilities identified
    - GEAE Evendale, Lynn
    - GEES Strother, Ontario, Cincinnati
    - AlliedSignal Engines Phoenix
    - Allied Signal Aerospace Equipment Systems Tempe, Tucson
    - Additional GE/AlliedSignal facilities to be added at later date

- **Formal OSD Pilot Program Consulting Group Oversight**
  - Oversight, Metrics, Lessons Learned & Reporting

- **Pilot Program executed by Block Change modifications**
  - All existing contracts and orders at participating facilities

Major Milestones

- PDUSD(A&T) execution memo to the Military Services, DCMC, and DLA (3/5)
- Executed Block Change Modifications
- Service Implementation Letters Issued
  - DLA(3 ltrs 6/99), USN (), USA(), USAF(4/99), USMC()
- Rapid Improvement Team Deployment
  - Guideline Development and Scorecard (4/21-22)
  - GE Site Implementation (5/25)
  - AlliedSignal Site Implementation (5/26)

Pilot Packaging Program Underway 3 May!
Next review 12-18 months.

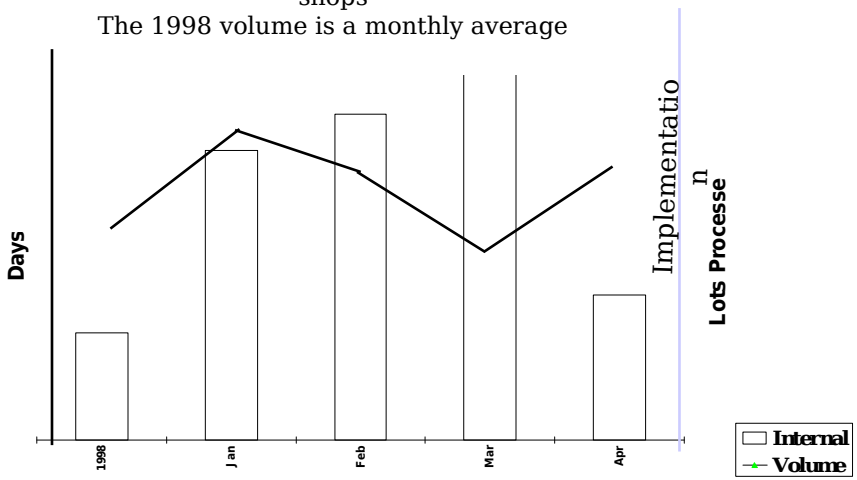
Balanced Scorecard

Commercial Packaging Pilot Program

	KEY PERFORMANCE FACTORS							
	Quality Protection		**Cost of Packaging**	**New Process Operating Cost**	**Minimization of Plastics**	**Pak Cycle Time**	**Innovation**	
Goals (in priority order)	No more than 1% (project code items) returns under warranty	Zero Safety Problems Zero impact on readiness	(By end of program) Reduct-ion in overall Pak costs of 10% over current baseline to package military items	No increase in cost of O&M due to innovation for program code item	No increase in quantity of plastic materials over 3 years No decrease in marine degradable materials over 3 years	Reduce Pak cycle time by 10%	Tested innovations within 1 year reported to IPT that can be transferred 10% increase per year	Clear input of end user RQMB, lower hassle of Introducing Innovation, increase in items offered by DoD Pac specialist
Performance Measures	# of package failure results in part damage/failure	Survey of end-user satisfaction	Dollars	Track O&M costs trend for program code items	Vendor efforts to reduce plastics & increase degradables	Time	# of innovations submitted to DoD Log when submitted (briefing)	Survey of Vendor Personnel
Performance Drivers	Supply Discrepancies Reports Warranty Cards (DCMC, DLA, AMS)	Interview, Questionnaire or observation with immediate reporting	Calculate the difference be-tween baseline military packag-ing costs and pilot program military packag-ing costs. Report periodically as required	Surveys-sample incrementally to baseline & look for trends Report of survey Trends out of depots/Users on DD1225/364s	Visit every 6 months for observations & discussions Vendors report on actions taken	Baseline Log in/Log Out of current Mil Pak vs innovation Sampling done along with cost baseline	Review Log at IPT meetings	Survey prior to IPT meeting
Action Officer	F Local DCMC Rep will log R Industry Rep will review	F IPT Sub Team	F Local Vendor Site	F ICPs Roll up to IPT	F Frank Sechrist R Local Vendor Site	F Local Vendor Site	F Local Vendor Site	F IPT Sub Team

Cycle Reduction

Note: cycles are the average of the two pack shops
The 1998 volume is a monthly average



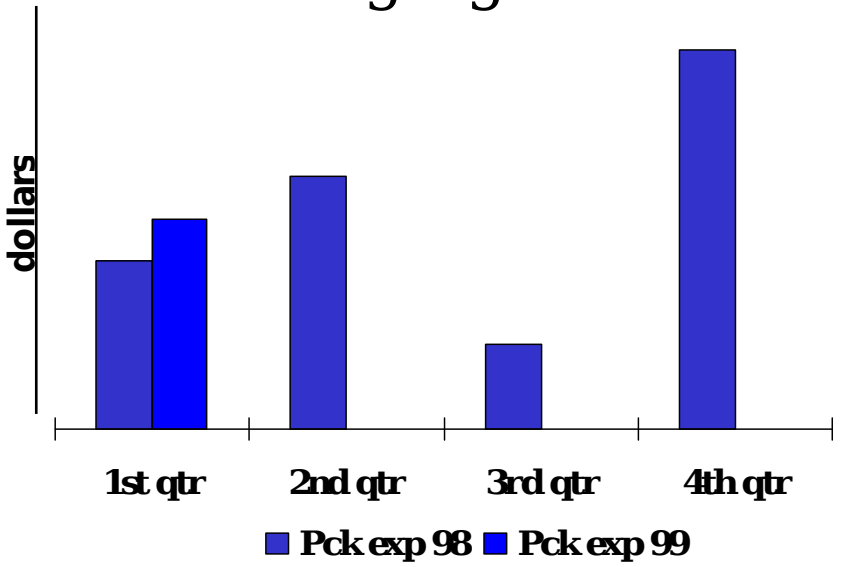
Warranty Returns

Number of Pieces Shipped	1000
Number of Warranty Returns	0
Percentage of Warranty Returns	**0.00%**
Definitions: 1 Kit = 1 Part & 1 MMT = Total Qty	
Rapid Request has been submitted for a method	
to count the parts shipped against this pilot.	
Description of Problem	
None to date	

Packaging Innovations

- Blades in bags
- More autobag (18,030 Part Numbers)
- Elimination of weatherproof containers for unit pack and intermediate pack
- Simpler banding
- Intermediate pack reductions
- Eliminate maximum intermediate pack qty's
- No metal caps
- No painting under labels
- No gluing of flaps
- FIP reduction (Green Belt Project)
- Wrapping reduction

Packaging Costs



Kick-off

November

- Meet with DoD team for the Under Secretary of Defense --Acquisition Reform (DUSDAR)
- Present as a Green Belt Project
- Understand Military Distribution System
- Develop schedule for training
- Revise Contract Language
- Identify Prime Contractors that may be Impacted
- Determine how Special Packaging will be Separately Priced
- Determine how Reusable Containers will be handled

Due by 11/19/98

Warranty Language

Strategy

December

- Meet with Pack Shop Management to Discuss Changes -- weekly
- Decide how new package designs will be submitted to DoD
- Present status of Green Belt Project
- Decide on the program metrics
- Establish Plan to consolidate Packaging Instructions -- Scott
- Establish Plan for Selecting each best Standard Package -- Frank & Peter
- Determine how to Mark Packages for this Pilot (3AI) -- Frank
- Explain how SPI'S will be handled to Mark Wernecke -- Frank
- Write Pilot Program Description -- Larry
- How will Level of Pack appear on label -- Frank

difficulties created by having a contractual commercial and a

Pre-Launch

January

- Change the Package Designs for the first quarter's Military Spare Parts Requirements
- Train Pack Shop Personnel and DCMC on new Process
- Make certain no new packaging material is procured without searching for an alternative
- Determine how GEAE will handle exclusions list (plastic, hazardous material, shelf life, barrier bag expirations, etc.) -- Frank
- Best Practices review of Boston Scientific
- Estimate the Potential cost savings
- Begin Selecting Alternative Materials

Understand the Spare Part Factor

Launch

February -April

- Change the Balance of the Package Designs
- Coordinate New Process with the New Packaging System
- Change to new materials where practical
- Present revised Packaging Instructions to DCMC
- Communicate change to GEAE Field Reps
- Establish process for handling Army Reusable containers
- Meet with DCMC FW6 to make certain there are no roadblocks (3/9/99)
- Meet with DPPG discuss pilot concept paper 4/20 & 21
- Finalize the metrics that will

and the format that will be used for communication

Execute

May - December

- Periodically Present Status of Project per the Six Sigma Process
- Develop documentation on how to create package designs
- Develop Plastics reduction Policy Statement
- Have IPG visit JetPac -- 5/25/99
- Establish the process for putting the special project code on the containers
- Continually Evaluate Programs Cost Savings
- Act on Military Packaging Problems Immediately
- Allied Signal Packaging Manager visits to learn about the packaging management

- Visit Allied Signal to understand the process of

Control

2000

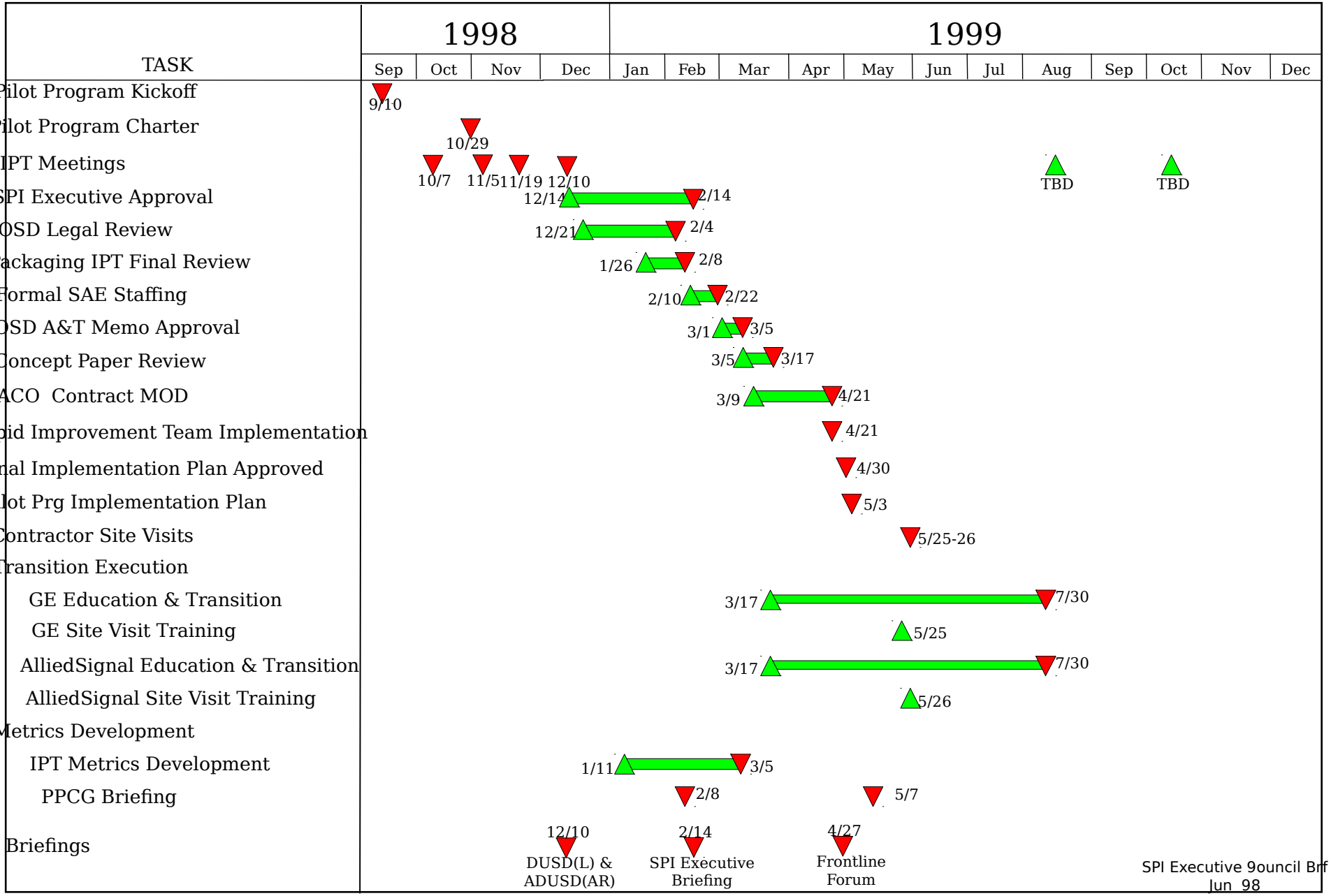
- Establish the New Spare Parts Factor
- Finalize the First Year's Savings
- Give Final Green Belt Project Presentation
- Provide occasional reports to DUSDAR

Implementation Occurred 5/3/99

BACKUP

Packaging Pilot Schedule

6/2/99



Packaging Goals

- *To Fully Implement DoD Use of Commercial Packaging Where Applicable Across DoD*
- *Execute Packaging Pilot With General Electric and Allied Signal*

The Packaging Opportunity?

- Improving Partnership :

  Optimal use of commercial packaging and full implementation of revised packaging specifications have not yet been fully implemented.

  Desired Outcomes:

  - Achieve mutual benefit, and identify opportunities for DoD to apply commercial/military packaging for specific applications
  - Achieve greater integration of commercial military processes
  - Improve open communication/understanding of packaging requirements between the Military Services, DCMC, DLA, and Industry

What are we doing to solve the Packaging Issue and Reach our Goal?

- Designated GE and Allied Signal as Pilots on 10 Sep 98
- Formed an Formed Industry Government IPT with the Military Services, DCMC, DLA, OSD, GE and Allied Signal on 7 Oct 98
- Formal Charter signed by DUSD(AR) and DUSD(L) on 29 Oct 98
- Currently refining GE and Allied Signal Pilot execution plans
- Deployed Rapid Improvement teams to DC Allied
- Engaged Government Industry Team in a series of

CIVIL-MILITARY INTEGRATION

Defense Conversion, Jacques S. Gansler, The Twentieth Century Fund, 1995

Specifically, the largely integrated civil/military industrial structure that is needed for the twenty-first century can be brought about through a three-part transformation strategy:

(1) the government must remove many of the current barriers and provide guidelines and incentives for industry to achieve the desired objectives;

(2) the government must assure industrial technological leadership in critical areas by encouraging the rapid application of state-of-the-art product and manufacturing technologies; and

(3) there must be greater human resource development at all levels of the work force.

Military Packaging Overview

- **MIL-STD-2073-1C** (Oct 1996)
  - Supersedes: 9 Previous Stds
  - Applies to those items entering the ***Military Distribution System***
  - Accurately reflects the "new" packaging philosophy by applying commercial/ military decision logic
  - ***Provides buyers flexibility to Address Service unique Requirements***

- **Industry is addressing Military Packaging**
  - 36 Single Process Initiatives Submitted
  - 15 Approved/11 withdrawn

- **Military Buyers are making gains in the use of Commercial Packaging**

DoD Packaging IPT Executive Members/Reps

vernment IPT Members:

- ODUSD(AR) - Shawn Hawkins, (703) 697-6399, e-mail:Hawkinsr@acq.osd.mil *
  Army Service Rep. - Pete Koontz (717) 895-6587 , e-mail: pkoontz@logsa.army.mil
  Navy Service Rep. - Frank Sechrist, (717) 605-2694, email: Frank_A_Sechrist@icpmech.navy.mil
  Air Force Service Rep. - Mike Werneke, (937) 257-7166, e-mail: MIKE.WERNEKE@wpgate1.wpafb.af. *
  DUSD(L) Rep. - Mike Dawson, (703) 695-8926, email:Medford_M_Dawson@notes.hqi.usmc.mil
  DLA Rep. - Joe Maloney, (703) 767-3673, e-mail:joe_maloney@hq.dla.mil
  DCMC Rep. - Frank Guerrero, (703) 767-3511, e-mail:franklin_guerrero@hq.dla.mil
  NAVAIR Rep. - Dave Pauling, (301) 757-0410, e-mail:PaulingDV.NTRPRS@corals.nhn.navair.navy.mil
  TASC Support - Mike Sherman, (703) 358-9090x6426, e-mail:MHSherman@TASC.Com

dustry IPT Reps:

GEAE Rep. - Larry Trowel, (513) 243-9317, e-mail:Larry.Trowel@ae.ge.com
Allied Signal Rep. - Barry Cohen, (202) 662-2696, e-mail:barry.cohen@alliedsignal.com

* Co-Chairman

CMI Metrics

- Cost
- Schedule
- Training
- Performanc e
- Commercial Practices

Draft Slides for the SPI Executive Council Mtg on 14 Dec 98

1. What is Civil Military Integration and DoD Packaging?
    - Use existing chart

2. What is the Packaging Issue?
    - Removing the Barrier: Military items ALWAYS default to Military packaging despite milspec revision stating a preference for commercial
    - Desired Outcome: Achievement of CMI objectives would reverse this paradigm by making commercial packaging the preference:
        - Requiring open communication/understanding of packaging requirements between the Military Services, DCMC, DLA, and Industry

3. What are we doing to solve this Packaging Issue?
    - Developed a Formal Charter which was signed by DUSD(AR) and DUSD(L) on 29 Oct 98
    - Designated GE and Allied Signal as Pilots
    - Formed an IPT with the Military Services, DCMC, DLA, GE and Allied Signal
    - Prepared a Pilot action plan for GE and Allied Signal to execute

      (Summarize GE and Allied Signal final slides on 3-4 Dec 98)

4. What do we need from the SPI Executive Council?
    - Service commitment to execute these Pilot programs
    - PDUSD(A&T) execution memo to the Military Services, DCMC, and DLA

(ALL SIGNATURES MUST BE OBTAINED PRIOR TO THE MTG ON 14 DEC 98)

TIMELINE TO SPI EXECUTIVE COUNCIL MEETING ON 14 DEC 98

19 NOV 98

(IPT MTG) TO CONTINUE TO WORK ACTION ITEMS

- ODUSD(AR) TO GET AN OSD LEGAL REVIEW OF PROPOSED LANGUAGE
- PACKAGING IPT MEMBER PREPARE PARALLEL BRIEFING TO SERVICE SAE & OBTAIN SIGNATURE CONCURRENCE

3-4 DEC 98

(IPT MTG) TO FINALIZE THE ACTION ITEMS

- ODUSD(AR) WILL LEAVE TUCSON, AZ WITH A FINAL PILOT PACKAGING PLAN & SCHEDULE

7 DEC 98

READ-AHEAD PACKAGE WITH SAE SIGNATURES TO SPI COUNCIL CHAIR

- FINAL PACKAGE TO LEANTHA SUMPTER FOR SPI COUNCIL CHAIR

10 DEC 98

(IN PROCESS REVIEW) WITH DUSD(AR) AND DUSD(L)

- BRIEF STAN SOLOWAY AND ROGER KALLOCK ON FINAL RESULTS FOR PACKAGING PILOT

14 DEC 98

SPI EXECUTIVE COUNCIL MEETING

- TO OBTAIN FINAL APPROVAL TO EXECUTE PILOT PROGRAM

Packaging IPT Schedule

10 Sep 98	Allied Signal and General Electric designated as Pilots
7 Oct 98	Gov't IPT Mtg.
29 Oct 98	Pilot Packaging Charter Signed
5 Nov 98	Gov't and Industry IPT Mtg.
19 Nov 98	Gov't and Industry IPT Mtg
3-4 Dec 98	Gov't and Industry IPT Mtg. Tucson, AZ
10 Dec 98	Gov't and Industry IPT @1000 Provide Interim Status to DUSD(AR) / DUSD(L)
14 Dec 98	SPI Executive Council Mtg. Pilot Execution
13 Jan 99	End of 90-day period

- Pilot program termination
  - Contractor(s) or DUSD(AR) may unilaterally terminate pilot prior to completion
  - Consider impacts of termination
    - Phase in schedule
    - Equitable adjustments

OSD directive outlines responsibilities of parties

Comments:

AE/GE	As pilot progresses and new packaging materials are used, it is requested these materials be provided to the DPPG & local DCMC for evaluation for inclusion into the approved military packaging list.

Action Items:

Assignee/Due Date	**Item**
GE/AS	
DPPG (Mike Dawson)	
3 Dec 98	For “New Items” requested during the pilot program the government pays for a package design and data transfer for use in military systems. How will these “New item” packaging designs be handled during the pilot.
IPT	A Technical risk assessment should be conducted by all parties prior to pilot execution. GE/AS to assess contractor risk, Government IPT to evaluate warfighter risk.

Action Plan To Promote Civil Military Integration Of Commercial Packaging

Action	Due Date

DUSD(AR) & DUSD(L) directed the formation of a cross functional DoD IPT to:

- Designate pilot candidates with SPI authority to demonstrate use of commercial packaging practices (Allied Signal and GEAE (IPT)) — 10 Days (10 Sep 98)
- Recommend core packaging functions for DoD to transition to ISO 9001 (Packaging 4.15.4) (Allied Signal and GEAE (IPT)) — 90 Days (13 Jan 99)
- Develop cross-reference table to convert military packaging to commercial
  - Define GE/Allied Signal Internal Execution Procedures (Gov't and Industry (IPT))
- Develop contract language to address current packaging risk issues (Allied Signal and GEAE (IPT))
- Develop a plan for commercial packaging education and training
  - Procedures for Pilot Implementation (Gov't IPT)
- Consider a streamlined / joint packaging organization for DoD (Gov't IPT)
- Establish metrics to analyze commercial packaging performance, monitor SPI pilot candidates and report results (Gov't and Industry (IPT))
- Prepare letter to Industry Associations communicating DoD's plan

Agenda

- Civil Military Integration
- Why are we here?
- Objectives
- Industry Pilot Proposals (General Electric & Allied Signal)
- What we need from SPI Executive Council

Objectives of the Pilot Program

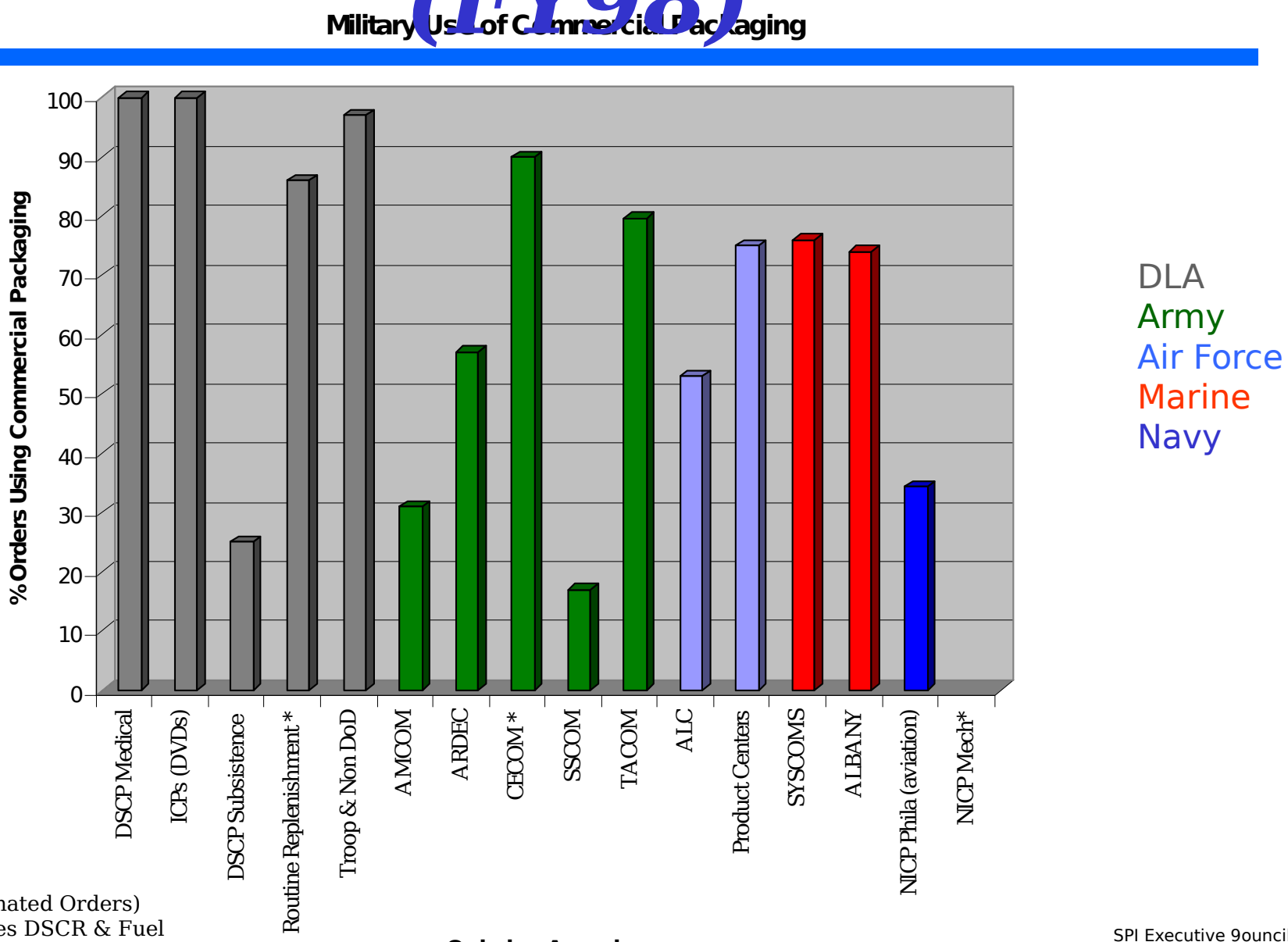
- To test the feasibility of integrating the commercial and military packaging processes at General Electric and AlliedSignal
- Expand application of Commercial Packaging to military unique items which currently use “-2073”
- “Evaluate Pilot Program commercial packaging techniques within the military distribution system”
- To develop lessons learned for application to Government packaging requirements
- Engage Prime Contractors to leverage changes on Prime contracts as well

oposed Block Change Langua
(Legal review ongoing!)

"*Packaging requirements that may be specified in this contract/order are for information only. Notwithstanding any such language in this contract or order, the contractor shall package all items in accordance with its standard commercial packaging methods adequate to prevent deterioration and physical damage of the item(s). The contractor's standard commercial packaging methods shall be as described in the most recent version of its quality system which shall be based on the elements of ISO 9000. The Government shall notify the contractor, within a reasonable period of time, of any item(s) damaged as a result of the failure of the contractor's packaging methods. The contractor shall repair or replace, at its option, any item it agrees has been damaged as a result of the failure of the contractor's packaging methods, provided the Government has exercised reasonable care in the transportation, handling and storage of the items. Any exception to the requirements of this paragraph shall be mutually agreed to by the parties."*

Complete Contractor Packaging

Packaging Baseline (FY98)



otes:
FY98 Data (Estimated Orders)
DLA data excludes DSCR & Fuel
5 of 36 SPIs Approved (11 Withdrawn)